
**State Government & Tribal
Affairs Committee**

HB 1782

Brief Description: Modifying public works contract completion reporting threshold requirements.

Sponsors: Representatives Hinkle and Clibborn.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Modifies the threshold for public works contract completion reporting.
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Hearing Date: 2/23/07

Staff: Colleen Kerr (786-7168).

Background:

Bid limits and other threshold requirements for public works projects are set by statute. Three threshold requirements are relevant here: notification of contract completion, performance/ payment bond requirements, and retainage release. In statute, each of these thresholds is at a different level.

RCW 60.28.051 requires that for public works contracts a notice of completion be sent to the Department of Revenue for all projects over a \$20,000 threshold. This threshold has not been raised since 1982 when it was put into place.

RCW 39.08.010 states that on contracts of \$25,000 or less, at the option of the contractor, the agency may, in lieu of a performance and payment bond, retain 50 percent of the contract amount for a period of 30 days after the date of final acceptance, or until receipt of all necessary releases from the Department of Revenue and the Department of Labor and Industries (L&I) and settlement of any liens filed under chapter 60.28 RCW, whichever is later. This threshold has also not been raised since 1982 when it was put into place.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

RCW 39.04.155 (3) allows a local government to waive the payment and performance bond requirements of chapter 39.08 RCW and the retainage requirements of chapter 60.28 RCW for projects costing less than \$35,000. To use this limited public works process an authorized local government must solicit electronic or written quotations from a minimum of three contractors from the appropriate small works roster (SWR). An established SWR is required.

Additionally, under RCW 39.12.040(2) contractors must provide a Statement of Intent to Pay Prevailing Wages that is approved by the industrial statistician of the L&I. For projects that are less than \$2,500, agencies may authorize the contractor or subcontractor to submit the Statement of Intent to Pay Prevailing Wages directly to the person who disburses public funds without approval by the industrial statistician.

Summary of Bill:

This bill replaces the differing threshold dollar amounts in RCW 60.28.051, RCW 39.08.010, RCW 39.04.155 (3), and RCW 39.12.040 (2) with a uniform \$35,000 threshold amount.

Under RCW 39.12.040(2), filing fees are waived for projects under \$2,500. Changes proposed in this bill will increase that amount to \$35,000, but only for projects where the limited public works process of RCW 39.04.155(3) is followed. To avoid loss of revenue to the Prevailing Wage section, an agency would remit the combined intent and affidavit filing fees for projects between \$2,500 and \$35,000.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.